

Voluntary Report - public distribution

Date: 6/28/2002

GAIN Report #CA2081

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 22

2002

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Report Highlights:

"What's New, Eh?" * Canada to Appeal WTO Dairy Ruling * Canadian International Trade Tribunal Finds No Injury or Threat of Injury by U.S. Fresh Tomatoes * Seven Pro-Choice Farmers Running in Upcoming CWB Election * Less Soybeans, Spring and Winter Wheat; More Durum, Barley, Oats and Canola Acres Says Statistics Canada * Variable Moisture Conditions Across Prairies * April Feeder Pig Exports to U.S. Higher According to Statistics Canada * Food Services and Drinking Places 2000 * Whole Foods Market Expands to Canada ...and MORE!

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

== CANADA TO APPEAL WTO DAIRY RULING: Canada will appeal the June 24 World Trade Organization (WTO) Compliance Panel on dairy that Canada's approach to commercial export milk transactions is not WTO-compliant. The Panel concluded that Canada, through commercial export milk is providing export subsidies in excess of its WTO obligations. "We are disappointed by the decision," said International Trade Minister Pierre Pettigrew. "Last year, the WTO Appellate Body provided strong guidance on how our export practices should be reviewed. We have serious concerns that these directions were not reflected in the report. We will carefully analyze this decision and mount the best possible case for an appeal." "Canada disagrees with the Panel's conclusion and will appeal this decision," said Lyle Vanclief, Minister of Agriculture and Agri-Food. "The challenge doesn't affect Canada's right to operate a domestic supply management system. We are examining the Panel's report carefully to prepare our appeal, and will continue to work closely with the provinces and industry stakeholders as we have done since the inception of this dispute." Canada will notify the WTO of its intent to appeal in due course.

CANADIAN INTERNATIONAL TRADE TRIBUNAL FINDS NO INJURY OR THREAT OF INJURY BY U.S. FRESH TOMATOES: In the matter of "Fresh Tomatoes, Originating in or Exported from the United States of America, Excluding Tomatoes for Processing," the Canadian International Trade Tribunal (CITT) on June 26, 2002, found that the dumping of the aforementioned goods has not caused material injury or retardation and is not threatening to cause material injury to the domestic industry. As a result, the collection of duties by the Canada Customs and Revenue Agency will immediately cease. Duties collected by the CCRA will be refunded over the next 90 days. The CITT ruling overturns a June 24 finding made by the Canada Customs and Revenue Agency that U.S. fresh tomatoes were being dumped into Canada (see GAIN report CA2077). For additional information, see GAIN report CA2079.

SEVEN PRO-CHOICE FARMERS RUNNING IN UPCOMING CWB ELECTION: According to the latest edition of *Agriweek*, seven farmers in the five odd-numbered Canadian Wheat Board (CWB) districts in western Canada will elect their directors by mail-in ballot in November. It is understood that all the incumbents, who all strongly support the Board's absolute buying and selling monopoly, will run for re-election. They will be opposed by seven candidates who favor an easing of the monopoly and more farmer choice in wheat and barley marketing. The seven will co-operate in running their campaigns to save costs and stay under the campaign spending limit. The seven are Brian Trueblood, former chairman of the Alberta Canola Commission; Albert Wagner, president of the Western Barley Growers Assn.; Con Johnson, a member of the board of the farmer-owned Southwest Terminal; Buck Spencer, former president of the Western Barley Growers Assn.; Greg Porozni, active in several Alberta farm organizations; Dwayne Anderson, past president of the North East Terminal at Wadena, Sask.; and Jim Downey, former Manitoba agriculture minister and deputy premier. If five of these candidates are successful, the power balance on the Wheat Board board would shift massively. Seven of the ten elected directors would then favor modifications to the monopoly. If just three of the seven gain election, the elected directors would be split. For purposes of such issues as deciding what to do about the monopoly, the five appointed directors can be disregarded.

LESS SOYBEANS, SPRING AND WINTER WHEAT; MORE DURUM, BARLEY, OATS AND CANOLA ACRES SAYS STATISTICS CANADA: Canadian farmers seeded fewer acres of wheat (overall), but more to oats, barley and canola, according to Statistics Canada's June preliminary acreage estimates. Wheat acreage for 2002/03 is 26.27 million acres, down from 26.97 million acres in 2001. Oats acreage increased to 5.93 million acres, up from 4.71 million acres last year. Barley acreage is reported at 12.32 million acres, up from 11.6 million acres a year ago. Canola acreage is seen up to 9.96 million acres, from 9.46 million last year. For more information, see GAIN report CA2080.

VARIABLE MOISTURE CONDITIONS ACROSS PRAIRIES: *Agriweek* reports that most areas of western Canada got some rain over the past week, but amounts were highly variable, from as little as 5 mm in the drier districts of central Saskatchewan. Eastern Manitoba got excessive rain, causing crop-damaging field flooding in lower-lying areas. Moisture conditions remain generally poor in western Saskatchewan and east-central Alberta, where some areas have received less than an inch of rain since spring break-up. The situation is highly variable with rain coverage so far very uneven. Moisture conditions are still good along the U.S. border because of earlier rains. The eastern two-thirds of Manitoba has adequate to excessive moisture. More rain is urgently needed on a regular basis to maintain crop development. High temperatures forecast for the early part of the coming week may stress crops. There is very little subsoil moisture to carry crops through dry spells. Warmer weather has helped advance corn and soybean crops in southern Ontario, where low heat accumulations previously slowed crop growth. Spring cereals are in excellent condition with above-average yields expected.

BIODIESEL IN ONTARIO GETS A TAX BREAK: According to the Ontario Soybean Growers (OSG), the Ontario provincial government has taken a huge step towards establishing a viable biodiesel industry in Ontario with the province's budgetary announcement of the removal of the 14.3 cents (Cdn.) per litre provincial fuel tax on biodiesel fuels. Biodiesel is a non-toxic, cleaner burning, renewable diesel fuel derived from agricultural commodities such as vegetable oils or animal fats. The OSG sees biodiesel as an opportunity to create new markets for Ontario soybean oil, while providing a cleaner burning alternative to fossil fuels. "The exemption of the provincial fuel tax on biodiesel will, undoubtedly, kick-start the biodiesel industry in Ontario," said Liam McCreery, Chair of the OSG. Ontario becomes the first province in Canada to provide tax exemption for biodiesel fuel.

APRIL FEEDER PIG EXPORTS TO U.S. HIGHER ACCORDING TO STATISTICS CANADA: Statistics Canada released its April export data on June 20. According to this latest data, nearly 128,000 pigs weighing less than 50 kilograms were shipped to the U.S. in April. This is up substantially from the levels seen in February and March, but down from January's record high volume of over 146,000 animals. April's feeder pig flow was 38% higher than April 2002, and year to date exports are 35% above last year.

PAMELA WALLIN APPOINTED CONSUL-GENERAL TO NEW YORK: According to the June 25 edition of the *Globe and Mail*, broadcaster Pamela Wallin was named Canada's new Consul-General to New York City by Prime Minister Jean Chrétien yesterday. A statement from the Prime Minister said the appointment is effective immediately. Ms. Wallin has worked in print, radio and television journalism. She worked for CBC's Prime Time News, co-hosted CTV's Canada AM and currently serves as chairwoman of the Canadian Journalism Foundation.

FOOD SERVICES AND DRINKING PLACES 2000: According to Statistics Canada, data for 2000 is now available on the food services and drinking places industry, which comprises full-service restaurants, limited-service restaurants, special food services and drinking places. Total revenues for the food services and drinking places industries grew 8.5% in 2000 to C\$33.2 billion. The special food services industry, which includes food service contractors, social caterers and mobile food services, registered the largest growth rate with an 18.5% increase in revenues. Limited-service restaurants had the second highest growth rate at 8.0 %. Drinking places and full-service restaurants also experienced growth exceeding 7%. Profit margins for the entire food services and drinking places industry decreased slightly in 2000 from 5.1% to 4.4%. Of all food service revenues, 82% are earned from food and non-alcoholic beverages, followed by alcoholic beverages at 14%. Other revenue such as cover charges, rental and leasing services and commissions from gambling revenues accounted for another 3.5% of operating revenue. Sales of merchandise contributed less than 1%. Drinking places earned 69% of their revenue from the sale of alcoholic beverages. Only 16% of their revenue was derived from the sale of food and non-alcoholic beverages; all other revenue contributed another 14%.

WHOLE FOODS MARKET EXPANDS TO CANADA: Toronto, Ontario is the site for the first Whole Foods Market store located outside the United States. The world's largest natural and organic foods supermarket opened its 132nd store, the first international store, on May 1, 2002. According to Walter Robb, Executive Vice President of Operations, Toronto was chosen because "it is a very sophisticated, ethnically diverse market". The new store offers a wide-variety of natural and organic groceries, the best quality produce, natural meats, smoked seafood, hearth-baked crusty breads, fresh brick oven pizzas, an organic salad bar, a sushi bar, more than 350 types of cheese, in-store coffee roasting, and a community classroom for cooking, food issues and wellness trends classes.

ONTARIO ICEWINES MAKE HISTORY AT FRENCH WINE COMPETITION:

According to the latest edition of *Food in Canada*, eight Ontario icewines were awarded gold medals recently, at the

Citadelles Du Vin in Bordeaux, France, (May 12-14) marking the first time that one wine region has won this number of gold medals in one category at the competition. The Icewines competed in the dessert wine category. Royal DeMaria Wines of Vineland, Ontario won five of the eight gold medals awarded to Ontario wines. It's also the first time in the competition's history that one winery has been awarded five gold medals in one category. Gold medal winners (all 2000 vintages): Jackson Triggs Niagara Grand Reserve Riesling Icewine; Pelee Island Winery Cabernet Franc Icewine; Pillitteri Estates Winery Vidal Icewine; Royal DeMaria Wines: Chardonnay Icewine, Vidal Icewine, Gewurztraminer Icewine, Gamay Icewine, Pinot Gris Icewine. Excellence Trophy winners (all 2000 vintages): Jackson Triggs Niagara Reserve Vidal Icewine, Pelee Island Winery Riesling Icewine, Strewn Winery Riesling Icewine. Citadelle Trophy winner: Strewn Winery Palatine Icewine 1998. Formerly known as the Civart Trophy, the Citadelles du Vin is an annual wine competition that is held and organized within the framework of Vinexpo, one of the largest wine and spirits exhibition in the world.

AGRI-FOOD THINK TANK CALLS U.S. FARM BILL "ACT OF ECONOMIC AGGRESSION":

According to a new report from the George Morris Centre, an ag-economic think tank associated with the University of Guelph, the 2002 US Farm Bill is an "act of economic aggression" against the world's developing countries and may drive them from the next round of WTO talks. The Bill reduces the gains from trade to developing countries and will

further distort global prices, says report co-author Al Mussell, Senior Research Associate. The report, *The 2002 US Farm Bill and International Agri-Food Trade: Dusting Off the Prebisch Thesis*, discusses the agricultural support and domestic market protection in the Farm Bill, along with recent US trade policy actions in other products. The special report is available on the George Morris Centre website at <http://www.georgemorris.org>

Did You Know... that in 2001, 40.7% of total U.S. agricultural exports in the Western Hemisphere went to Canada?

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA2080	Statistics Canada Estimates of Field Crop Production	6/28/2002
CA2079	CITT Finds No Injury or Threat of Injury by U.S. Fresh Tomatoes	6/27/2002
CA2077	Canada Customs and Revenue Agency Confirms Dumping of Fresh Tomatoes from the U.S.	6/26/2002
CA2076	This Week in Canadian Agriculture, Issue 21	6/20/2002
CA2075	An Overview of the Institutional Foodservice Industry in Canada	6/17/2002

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto www.usembassycanada.gov; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: info@usda-canada.com.